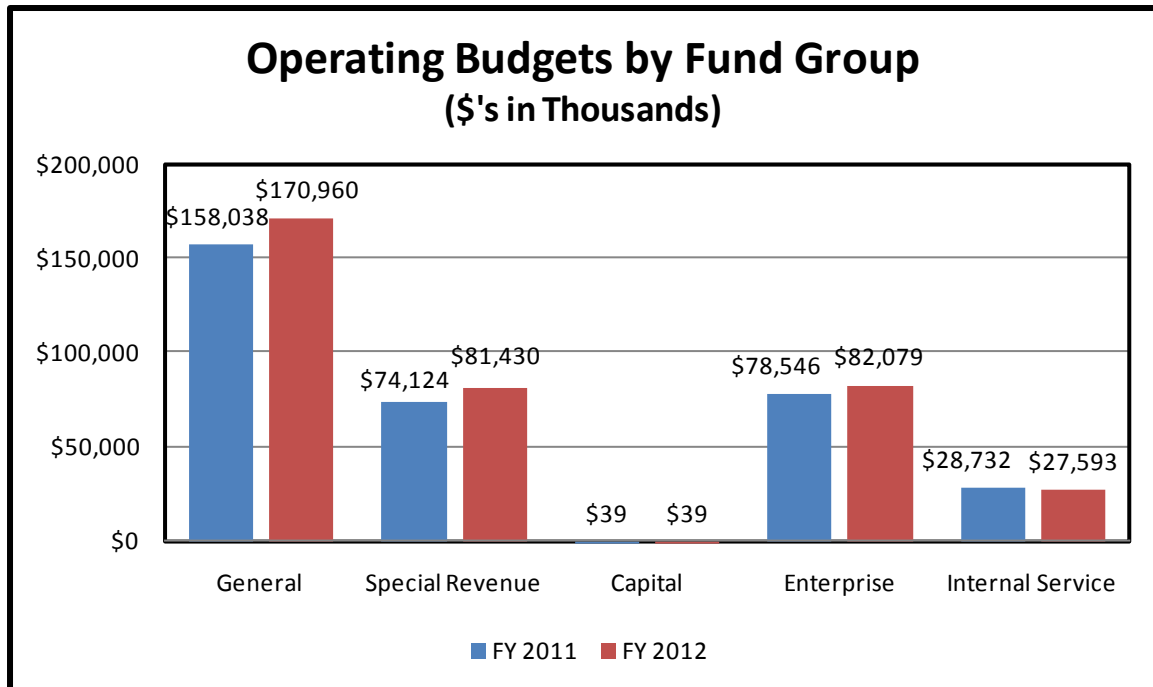


EXPENDITURES

The FY 2012 Operating Budget

The FY 2012 operating budget totals \$362.1 million, which is an increase of 6.7% (\$22.6 million) from the FY 2011 budget of \$339.5 million. It is important to note that the FY 2012 general fund group included operating budget decreases totaling \$7.1 million that were offset by the addition of a \$20 million arena management fee that is new for FY 2012. The special revenue fund group will increase \$7.3 million due to federal and state related grant appropriation increases pertaining to the new Neighborhood Stabilization Program III funding, as well as additional planned spending within the Police Sales Tax and RICO funds. The Public Housing budget will increase by \$4.1 million within the enterprise group due to additional state funding being provided for community housing services. A comparison of the operating budget fund group changes from FY 2011 to FY 2012 appears below.



The starting point for the FY 2012 operating base budget is the current fiscal year's ongoing base budget. It continues to focus on the Mayor and Council strategic goals and will carry on the process of transforming the vision of one community into reality. The operating budget also reflects the constrained and challenging economic conditions that the nation currently faces. Several expenditure management measures and budget reductions have been incorporated into the balanced operating budget and are discussed in detail in the section of this book titled *City Manager's Budget Message*. These measures were implemented while keeping our focus on providing key services that sustain Council's strategic goals while we manage the current economic downturn.

Operating Budget Summary

In most cases, Glendale's fund structure coincides with the city's organizational and program structure. Table 2 shows the year over year changes in the operating budgets for some of the City's largest operating funds. It is sorted in descending order based upon the size of the FY 2012 operating budget within each fund grouping. It also calculates the percentage change for the fund from the FY 2011 operating base budget.

Table 2: Comparison of Operating Budgets
FY 2011 vs. FY 2012
 (All Dollars in Thousands)

Fund Name	FY 2011	FY 2012	% Change
General (1000)	\$130,658	\$123,525	-5.5%
Arena Event Operations (1282)	\$1,202	\$21,204	1664.4%
General Services (1040)	\$9,081	\$8,934	-1.6%
Technology Replacement (1140)	\$3,510	\$3,512	0.0%
Vehicle Replacement (1120)	\$3,030	\$3,030	0.0%
Stadium Event Operations (1281)	\$2,965	\$2,967	0.1%
Stadium City Sales Tax - AZSTA (1790)	\$1,700	\$1,746	2.7%
Public Safety Training Center (2530)	\$1,445	\$1,545	6.9%
Telephone Services (1100)	\$977	\$979	0.2%
Civic Center (1740)	\$748	\$767	2.4%
All Other Funds	\$2,722	\$2,751	1.1%
Sub-Total General Fund Group	\$158,038	\$170,960	8.2%
Other Federal and State Grants (1840)	\$17,661	\$18,995	7.6%
Police Sales Tax (1700)	\$12,587	\$14,174	12.6%
Transportation Sales Tax (1660)	\$12,203	\$11,841	-3.0%
Highway User Gas Tax (1340)	\$8,462	\$8,218	-2.9%
Fire Sales Tax (1720)	\$6,136	\$6,396	4.2%
RICO Funds (1860)	\$1,324	\$3,895	194.1%
C.D.B.G. (1320)	\$3,541	\$3,719	5.0%
N'hood Stabilization Pgm III (1311)	\$0	\$3,368	n/a
ARRA Stimulus Grants (1842)	\$3,967	\$2,672	-32.7%
Neighborhood Stabilization Pgm (1310)	\$4,184	\$2,118	-49.4%
All Other Funds	\$4,058	\$6,035	48.7%
Sub-Total Special Rev Fund Group	\$74,124	\$81,430	9.9%
Sub-Total Capital Fund Group	\$39	\$39	0.0%

Fund Name	FY 2011	FY 2012	% Change
Water/Sewer (2360/2400/2420)	\$49,123	\$47,790	-2.7%
Sanitation (2480)	\$13,893	\$14,581	4.9%
Pub Housing Budget Activities (2500)	\$8,487	\$12,609	48.6%
Landfill (2440)	\$7,043	\$7,099	0.8%
Sub-Total Enterprise Fund Group	\$78,546	\$82,079	4.5%

Benefits Trust Fund (2580)	\$24,481	\$23,118	-5.6%
Risk Management Self Insurance (2540)	\$2,844	\$3,068	7.9%
Workers Comp. Self Insurance (2560)	\$1,407	\$1,407	0.0%
Sub-Total Internal Svc Fund Group	\$28,732	\$27,593	-4.0%

Grand Total: Operating Budget	\$339,479	\$362,100	6.7%
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The majority of the general fund group's operating budget expenditures are included in the General (Fund 1000), which encompasses 72% of that group's total operating budget. This fund, along with the Highway User Gas Tax (Fund 1340) that is part of the special revenue group, were the main focus of the City Council budget workshop presentations and are often collectively referred to as the "General and Streets Fund" operating budget for the city. These two funds are discussed in more detail in the following pages starting with Table 3: Comparison of General and Streets Funds Operating Budgets.

The increase in the Arena Event Operations (Fund 1282) operating budget is the direct result of the \$20 million arena management fee that was added in FY 2012. In FY 2011, this fund included the operating expenses associated with providing police, fire and transportation related services during events held at Jobing.com Arena. At the time this budget book was produced, a tentative agreement was in place related to the sale of the NHL Coyotes hockey team that included new contractual payments from the city for arena management services.

As mentioned previously, the FY 2012 operating budget includes ample grant-related appropriation increases to accommodate the city aggressively pursuing grant opportunities that may arise during the year, or those that have already been awarded to the city. Other Federal and State Grants (Fund 1840), Neighborhood Stabilization Program III (Fund 1311) and C.D.B.G. (Fund 1320) drove a net increase in grant related appropriation totaling \$3.5 million within the special revenue group.

It is important to note that the city only pursues grant opportunities that are in line with council goals and objectives and that make strong financial business sense. Grant appropriation cannot be spent unless the city applies for and actually receives the corresponding grant monies. The Police Sales Tax and RICO fund operating budgets increased \$4.2 million to accommodate police related purchases using existing fund balances.

Table 3 includes a tabular comparison of the departmental operating base budgets over the last two fiscal years and calculates the percentage change for the department from the FY 2011 operating base budget.

**Table 3: Comparison of All Funds
Operating Budgets: FY 2011 vs. FY 2012**

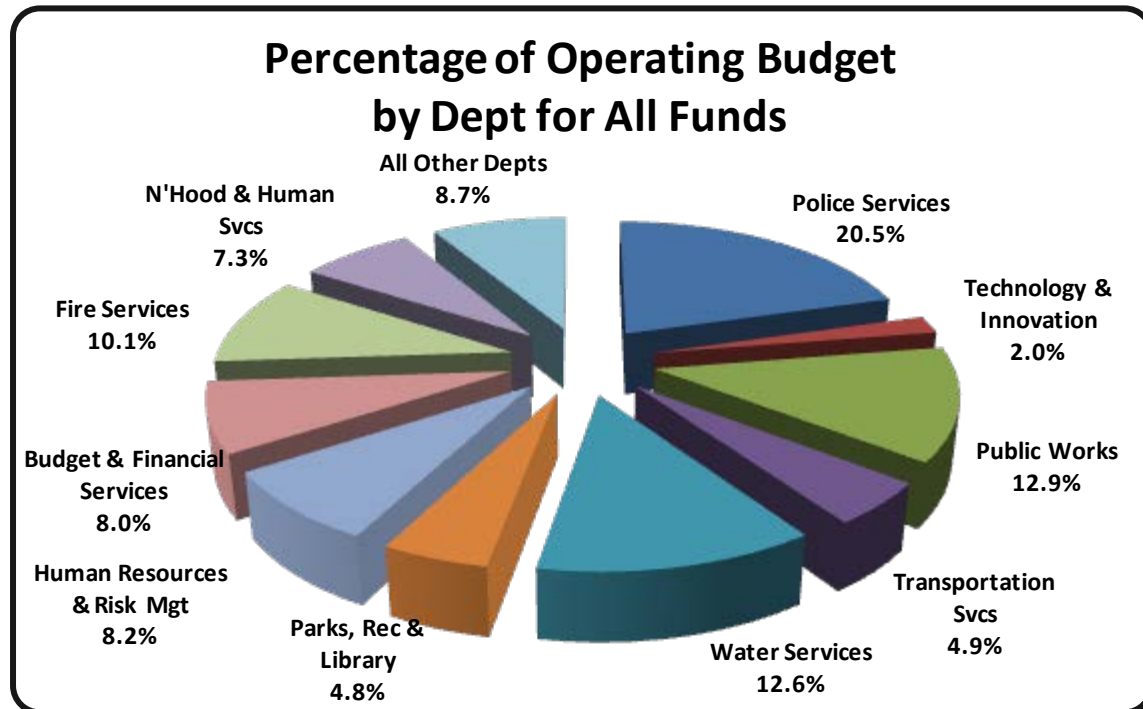
(All Dollars in Thousands)

Department Name	FY 2011	FY 2012	% Change
Police Services	\$69,622	\$74,247	6.6%
Public Works	\$46,528	\$46,647	0.3%
Water Services	\$47,488	\$45,634	-3.9%
Fire Services	\$35,779	\$36,665	2.5%
Human Resources & Risk Mgt	\$30,730	\$29,623	-3.6%
Budget & Financial Services	\$12,581	\$28,973	130.3%
N'Hood & Human Svcs	\$20,188	\$26,455	31.0%
Transportation Svcs	\$17,315	\$17,704	2.2%
Parks, Rec & Library	\$18,769	\$17,530	-6.6%
Miscellaneous Grants	\$7,275	\$8,627	18.6%
Technology & Innovation	\$7,536	\$7,248	-3.8%
Development Services	\$5,289	\$4,890	-7.5%
Communications	\$4,565	\$4,247	-7.0%
City Court	\$4,222	\$4,040	-4.3%
City Attorney	\$2,840	\$2,885	1.6%
Economic Development	\$1,802	\$1,437	-20.2%
Mayor & Council	\$1,256	\$1,424	13.4%
City Manager	\$1,395	\$1,047	-24.9%
Non-Departmental	\$1,964	\$765	-61.0%
Compliance & Asset Mgt	\$938	\$708	-24.5%
Intergovt. Programs	\$722	\$687	-4.8%
City Clerk	\$676	\$618	-8.5%
Total Operating Budget	\$339,479	\$362,100	6.7%

The increase of 130.3% in Financial Services is directly related to the addition of the \$20 million arena management fee that was added within the Financial Services Department. The arena management fee is discussed in the *City Manager's Budget Message*. The N'Hood & Human Services Department increased by 31% due to additional public housing, neighborhood stabilization and Community Action Program funding scheduled to be received in FY 2012.

Lastly, the Non-Departmental area moved \$1.1 million worth of electricity and utilities reserve funding to the Transportation Services, Public Works and Parks, Rec & Library Departments that pay for those services directly each year. The Non-Departmental reserve was originally created

in FY 2010 to cover anticipated electricity and utilities rate increases that were expected to materialize in FY 2011 and beyond. This change resulted in a decrease of 61% year over year.



The largest operating department, regardless of funding source, is the **Police Services**, which accounts for \$74.2 million or 20.5% of the total operating budget. The Police Department provides police protection and related support services such as 9-1-1 dispatch, short-term detention and community education. It is accredited through the independent Commission on Accreditation for Law Enforcement.

The second largest department is **Public Works** at \$46.6 million, which makes up 12.9% of the total operating budget. This department is made up of Field Operations and Engineering staff. Among the many services that this department provides are the following:

- solid waste collection and disposal services and processing of recyclable products;
- building and equipment maintenance services for city vehicles and facilities;
- street and right-of-way maintenance;
- fuel services, custodial services and graffiti removal; and
- design and construction management for all city capital projects.

The next largest department is **Water Services** at \$45.6 million, which makes up 12.6% of the total operating budget. This department is responsible for treating and distributing potable water that meets all federal and state standards, collecting and treating wastewater in compliance with all regulatory requirements, implementing odor and pest infestation control measures and reading all water meters on a daily basis. Environmental Services provides water conservation programs,

water quality testing services for the city's drinking water and reclaimed water services, and long-term water resource planning.

Fire Services accounts for \$36.7 million or 10.1% of the total operating budget. This department provides fire protection, emergency medical services and natural disaster planning. It also provides core life safety services involving fire suppression, property preservation, basic and advanced life support (paramedics), hazardous and technical response teams, fire code enforcement, fire investigation and child safety car seat installation. It is accredited by the Commission of Fire Accreditation International.

Human Resources & Risk Management totals \$29.6 million or 8.2% of the total operating budget. The department provides proactive customer service and consultation in the areas of total compensation, organizational development, employee relations and staffing. The Human Resources Department also administers the self insured employee health benefits, risk management and workers' compensation programs and services.

The sixth largest department is **Budget & Financial Services**. It totals \$29 million or 8% of the total operating budget. They provide information to the public, state agencies, bondholders, grantors, auditors, City Council and management. This department is responsible for budget development and management, banking services and investment management, debt management as well as administering the sales tax code. Additional functions include preparation of external financial reports, managing the city payroll and accounts payable processes and maintaining, updating and testing accounting and budget input system changes and upgrades.

The next largest department is **Neighborhood & Human Services** at \$26.5 million, which makes up 7.3% of the total operating budget. This department provides direct city services that maintain the quality of life and build stronger neighborhoods for all residents. Some of the services these divisions provide include:

- addressing the housing needs of over 4,400 Glendale residents by operating three public housing complexes and a Section 8 voucher program;
- providing affordable housing, housing rehabilitation assistance and emergency home repair for eligible Glendale residents; and
- administering the federal Community Development Block Grant (CDBG), the Community Action Program (CAP) and other related federal programs.

The eight largest department is **Transportation Services** which totals \$17.7 million, and makes up 4.9% of the total operating budget. This department is responsible for transportation planning, traffic engineering, traffic signals, signs, striping, street lighting, transit services and educational program services to meet the transportation needs of the city. This department is also responsible for operating the Glendale Municipal Airport. The airport is a regional general aviation facility that provides hangar facilities, aviation planning, maintenance, safety and educational tours.

The **Parks, Rec & Library Department** provides services that are probably the most visible to the public and includes library services and parks, open space and recreational activities for residents. This department accounts for \$17.5 million or 4.8% of the total operating budget. The library serves Glendale citizens by providing books, programming, audio-visual materials and electronic resources that inform, educate and entertain residents. The department also offers opportunities to enhance the social, physical, mental and economic health of the community by offering a wide variety of programs and events. They also maintain, protect and manage parks, open spaces, trails and aquatic and recreational facilities located throughout the community.

The **Technology & Innovation Department** expenses round out the top ten departments and this area accounts for another \$7.2 million or 2.0% of the operating budget. This department supports the City's technology infrastructure such as application support, network, data services, email and telephony. In addition, this department supports the enhancement of business processes through the use of the LEAN methodology.

The remaining departments in the all other category include: Grants, Development Services, Communications, City Court, City Attorney, Economic Development, Mayor/Council, City Manager, Non-Departmental, Compliance/Asset Management, Intergovernmental Programs and City Clerk (listed in descending order based on the size of their respective operating budget). These departments make up the remaining \$31.4 million or 8.7% of the total operating budget.

The *Operating Budget* section in this budget book includes more detailed information on all the departments mentioned in this section.

Staffing and Personnel Issues

As with any service organization, personnel costs are a significant part of the total operating budget of the city. In fact, 75% of the FY 2012 operating budget for the General and Streets funds is attributable to wages, salaries and benefits.

The FY 2011 General Fund budget included 22 frozen public safety positions. These 22 positions will be frozen for another year in the FY 2012 budget. In addition, staff has identified another 64 General Fund positions that will be frozen in FY 2012. Of the additional 64 positions, only 5 are sworn with the remaining 59 non-sworn. It is important to note that these 86 frozen positions are still included in the Full-Time Equivalent (FTE) counts that appear on the following pages. Only the salary and benefits associated with the frozen positions are removed from the department's respective operating budgets. This is done because the positions are still authorized by City Council to be filled when the economy and revenue collections improve to the point where it makes business sense to fund the positions once again.

Table 4 provides a comparison of staffing levels in recent years for all funds which accounts for all changes in authorized staffing city-wide. The overall staffing level decreased by 4.63 FTE's due to minimal staffing changes made across six different funds from FY 2011 to FY 2012.

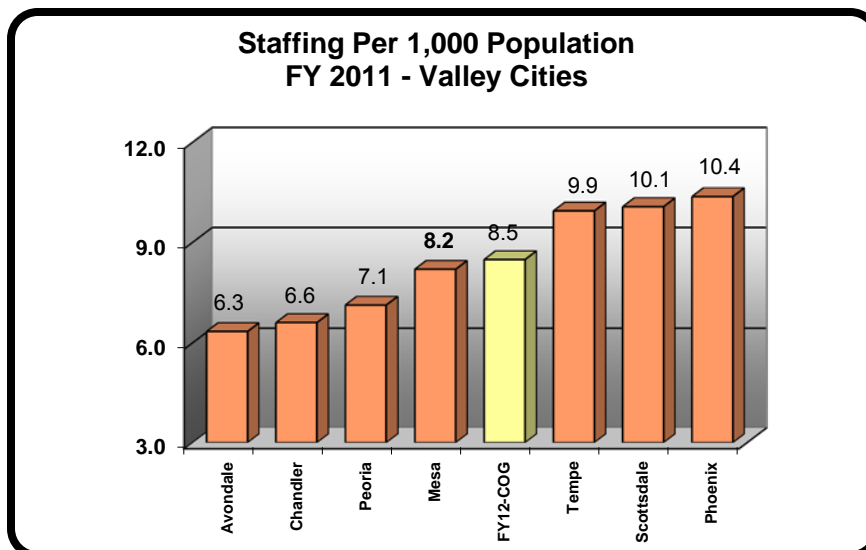
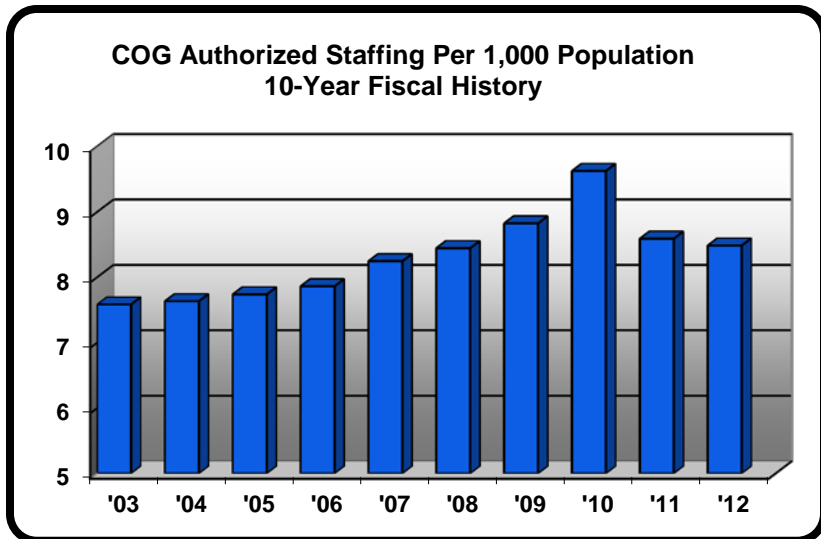
Table 4: Staffing Levels by Fund
 (Full-Time Equivalents)

Fund	2007-08	2008-09	2009-10	2010-11	2011-12
General-1000	1,411.76	1,403.76	1,389.76	1,202.26	1,198.88
Water and Sewer-2360/2400/2420	241.25	242.25	242.25	242.25	242.25
Police Special Revenue-1700	42.00	118.00	118.00	118.00	118.00
Sanitation-2480	75.00	78.00	80.00	80.00	79.00
Highway User Gas Tax-1340	97.00	98.00	90.00	67.00	65.00
Fire Special Revenue-1720	21.00	50.00	50.00	51.00	51.00
Transportation Sales Tax-1660	50.25	50.25	50.25	49.25	49.25
Landfill-2440	43.00	41.00	41.00	44.00	44.00
General Services-1040	42.00	42.00	41.00	37.00	34.00
Pub Housing Budget Activities-2500	25.00	25.00	25.00	24.00	24.00
Training Facility Revenue Fund-2530	12.00	12.00	12.00	10.00	12.00
C.D.B.G.-1320	8.75	8.75	8.75	8.75	8.75
CAP Grant-1820	7.00	7.00	7.00	7.00	7.00
Parks & Recreation Self Sust-1880	5.00	5.00	5.00	7.00	7.00
Civic Center-1740	7.00	7.00	7.00	6.00	6.00
Airport Special Revenue-1760	5.00	5.00	5.00	5.00	5.00
Risk Mgt Self Insurance-2540				1.00	3.75
Grants-1840	4.00	4.00	3.00	3.00	3.00
Court Security/Bonds-1240	1.00	1.00	1.00	2.00	2.00
Stadium Event Operations-1281		2.00	2.00	2.00	2.00
Arena Event Operations-1282		2.00	2.00	2.00	2.00
Telephone Services-1100	1.00	1.00	1.00	1.00	1.00
PC Replacement-1140	1.00	1.00	1.00	1.00	1.00
RICO Funds-1860	0.50	0.50	0.50	0.50	0.50
Total	2,100.51	2,204.51	2,182.51	1,971.01	1,966.38

The city has historically taken a conservative approach to adding new positions and expanding its service delivery system to ensure that basic services can be sustained regardless of revenue and expense fluctuations. Therefore, staff increases are typically closely tied to population growth. However, severe economic downturns can impact staffing levels given the fact that a

high percentage of overall operating costs are staffing related. Glendale is not immune to reductions in force. City-wide authorized staffing experienced ten straight years of modest growth before staffing reductions were implemented in FY 2010 and FY 2011.

The FY 2010 staffing per 1,000 increased because the 2010 census numbers came in 23,090 less than the previous year's population figure, in addition, the vacant positions accumulated in all funds were not eliminated from the budget until the following fiscal year. The FY 2011 budget included a decrease in total authorized staffing by 211.5 FTEs across all funds. The majority of the staffing decreases related to the elimination of vacant GF positions and city-wide budget reductions. The FY 2012 staffing per 1,000 population remained flat year over year. Schedule 6, found in the *Schedules* section of this document, provides detail on the city's authorized staffing by position for all departments and funding sources.



The total authorized staffing of 1,966.38 FTE positions will serve an estimated population of 231,763 at the start of FY 2012. This results in a staffing ratio of 8.48 employees per 1,000 residents in FY 2012. As the accompanying graph indicates, Glendale continues to maintain a low staff to population ratio compared to Phoenix, Scottsdale and Tempe and

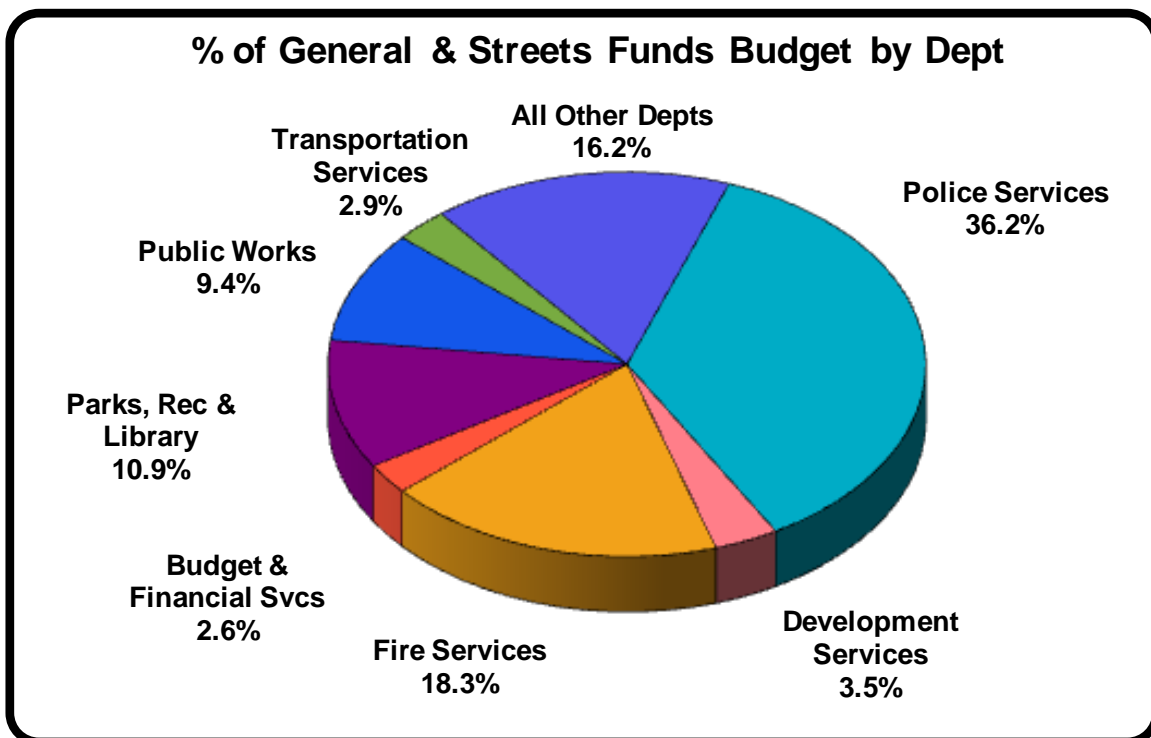
does so without sacrificing the quality of services provided to residents.

Please note that the ratio for all staffing-per-each-1,000 residents is from FY 2011 adopted budget numbers except for the City of Glendale, which represents the FY 2012 ratio. This is done because the FY 2012 adopted budget numbers for other cities was not known at the time this budget book was published.

General and Streets Funds Operating Expenditures

The total operating budget for FY 2012 is \$131.7 million. Police Services, at 36.2% or \$47.6 million, is the largest component of the General Fund budget, followed by Fire Services at approximately 18.3% or \$24.2 million, Parks, Rec & Library at 10.9% or \$14.3 million and finally Public Works at 9.4% or \$12.4 million. These four departments comprise 74.8% or \$98.5 million of the total General and Streets Funds operating budgets. The remaining 25.2% or \$33.2 million of the \$131.7 million budget is within the Development Services, Transportation Services, Budget & Financial Services and the All Other categories.

The All Other category includes City Court, City Attorney, Technology & Innovation, Communications, Human Resources & Risk Management, Economic Development, Mayor & Council, Neighborhood & Human Services, City Manager, Non-Departmental, Compliance & Asset Management, Intergovernmental Programs, City Clerk and Water Services departments. The accompanying graph displays the General and Streets Funds budgets by department as a percentage of the whole.



All street-related costs eligible for the Highway User Revenue Fund (HURF) allocation are budgeted as expenses of the Streets Fund and are included in the Public Works and Transportation Departments. The following table compares the FY 2012 General and Streets Fund operating budgets by department to FY 2011 in tabular form.

Table 5: General & Streets Funds Operating Budgets By Dept

(All Dollars in Thousands)

Dept Name	FY 2011 Budget	FY 2012 Budget	% Change
Police Services	\$47,136	\$47,636	1.1%
Fire Services	\$23,639	\$24,157	2.2%
Parks, Rec & Library	\$15,112	\$14,331	-5.2%
Public Works	\$13,012	\$12,438	-4.4%
Development Services	\$4,979	\$4,577	-8.1%
Transportation Services	\$3,748	\$3,783	0.9%
Budget & Financial Svcs	\$7,361	\$3,419	-53.6%
City Court	\$3,578	\$3,388	-5.3%
City Attorney	\$2,840	\$2,885	1.6%
Technology & Innovation	\$3,049	\$2,757	-9.6%
Communications	\$2,957	\$2,620	-11.4%
Human Resources & Risk	\$1,912	\$1,946	1.8%
Economic Development	\$1,802	\$1,437	-20.2%
Mayor & Council	\$1,256	\$1,424	13.4%
N'Hood & Human Services	\$1,019	\$1,092	7.2%
City Manager	\$1,395	\$1,047	-24.9%
Non-Departmental	\$1,964	\$765	-61.0%
Compliance & Asset Mgt	\$938	\$708	-24.5%
Intergovt. Programs	\$722	\$687	-4.8%
City Clerk	\$676	\$618	-8.5%
Water Services	\$27	\$27	0.0%
Total	\$139,120	\$131,743	-5.3%

The reductions above are consistent with the city's budget strategy for steering the city through the rest of the economic downturn and will continue to keep the city ready for the eventual economic turnaround. This strategy and the specific reductions are discussed extensively in the *City Manager's Budget Message*.

It is important to note that all departments within the General and Streets Funds participated in FY 2012 base budget reductions. However, changes in departmental staffing levels associated with the FY 2010 FTE reduction exercise that was finalized during the first quarter of FY 2011, coupled with an organizational re-alignment that occurred at the end FY 2011, caused several departments to have shifts in the salary and benefits component of their operating budget from FY 2011 to FY 2012 that effected their year over year percentage changes.

The 53.6% decrease in the Financial Services department is a result of decreased staffing and a planned restructuring of existing lease debt. The remaining principal and interest payments were

spread out over a longer time period resulting in a reduction of \$3.8M in principal and interest payments due to be paid in FY 2012. Schedule Eight in the back of the budget book includes all scheduled lease payments planned for the next five years and beyond.

The 61% decrease in Non-Departmental is due to the re-allocation of an electricity and utilities reserve budget totaling \$1.1M that was moved out of this budget and into Transportation Services, Public Works and Parks, Rec & Library Departments where these expenses are primarily paid from.

General and Streets Funds Transfers to Other Funds

The General and Streets Funds support a number of other funds within the city. The amount of support can vary from year to year based on projected revenue for the supported funds as well as debt service schedules. A net transfer amount of \$32.3 million is projected to be transferred to other funds in FY 2012. This amount is \$19.5 million more than the net GF transfers included in the FY 2011 budget. However, the FY 2011 transfer amount included a one-time offset of \$6 million that was transferred into the General Fund. In addition, the transfer from the General Fund to the Arena Event Operations Fund was increased by \$15.3 million to cover the arena management fee and other operational expenses.

Also included in the \$32.3 million transfer is \$10.2 million to the Municipal Property Corporation debt service fund to cover principal and interest payments related to several capital projects such as the Glendale Media Center and Expo Hall, Convention Center and Parking Garage in the west area, infrastructure for the Zanjero development, the Jobing.com Arena and a portion of the Glendale Regional Public Safety Training Center. The \$10.2 million is the net amount after accounting for expected revenue per the respective development agreements for the various facilities named above.

A total transfer of \$2.4 million is projected for the Stadium and Youth Sports Complex funds. \$1.4 million will be transferred from the Streets Fund to the Street Debt Service Fund to help pay the principal and interest payments for previously funded HURF bond projects. Another \$900,000 will go to the Transportation Fund and is done annually per the 2001 election approving the transportation sales tax. A transfer of \$320,145 will be made to the Marketing Special Events Fund to support the special events held in downtown Glendale. Other transfers will go to the Civic Center, Airport, Housing, Employee Group and various other grant funds. Transfers between funds are detailed in Schedule 4 of the Schedules section of this document.

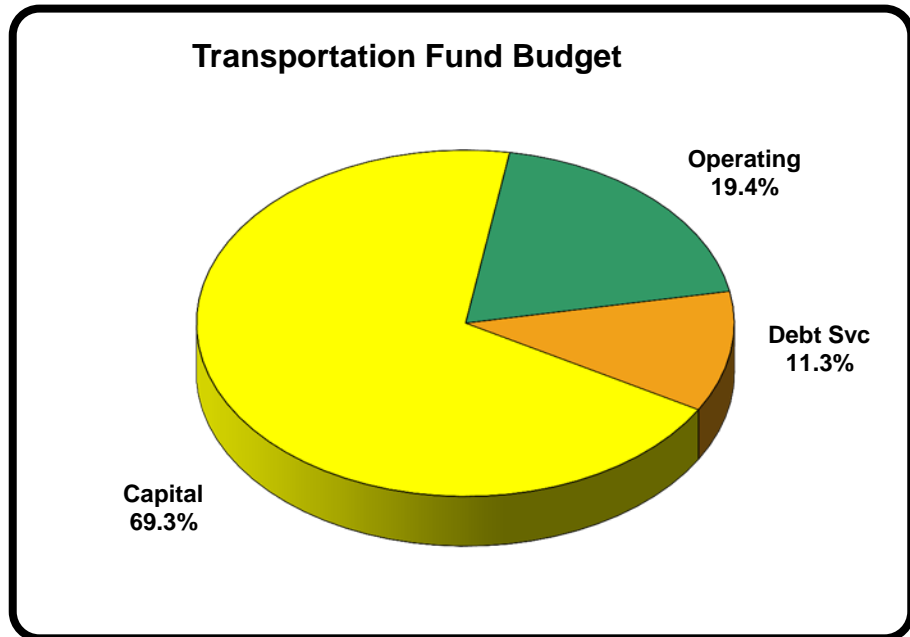
Police and Fire Sales Tax Fund Expenditures

These fund resources are designated to support the salaries of additional police officers and firefighters, as well as the equipment and services needed to support those positions. A total of \$14.2 million will be appropriated from the Police Special Revenue Fund to provide police services. An additional \$6.4 million from the Fire Special Revenue Fund is designated to

provide fire protection and emergency medical services. The Police fund supports 118 authorized police staffing positions while the Fire fund supports 51 fire staffing positions.

Transportation Fund Expenditures

The Transportation Fund includes operating, capital and debt service expenses related to providing a range of transportation services in accordance with the ballot initiative that Glendale voters approved in a 2001 election. Although the majority of expenditures totaling \$45 million are budgeted for capital outlays (including grant funded capital projects), the total operating budget of \$12.6 million is used for Fixed Route services (public transportation) at \$5.2 million and Dial-A-Ride at \$2.4 million. The latter program serves physically challenged residents and individuals with special transportation needs.



The Transportation Program Management division includes funding for the streetlight maintenance contract and program audit services, as well as various other items and has a total budget of \$2.3 million. The remaining \$2.7 million, or 21% of the operating budget, is used for traffic engineering, safety education, traffic mitigation, management oversight and grant related operating appropriation. Debt service payments totaling \$7.3 million are budgeted for FY 2012 and represent the final appropriation component.

Airport Fund Expenditures

The Airport Fund operating budget is \$527,326 that is funded by airport revenues of \$466,491 with the remaining \$60,835 covered through a transfer from the General Fund. Much of these appropriations fund daily operations at the airport, including fulfilling FAA safety regulations.

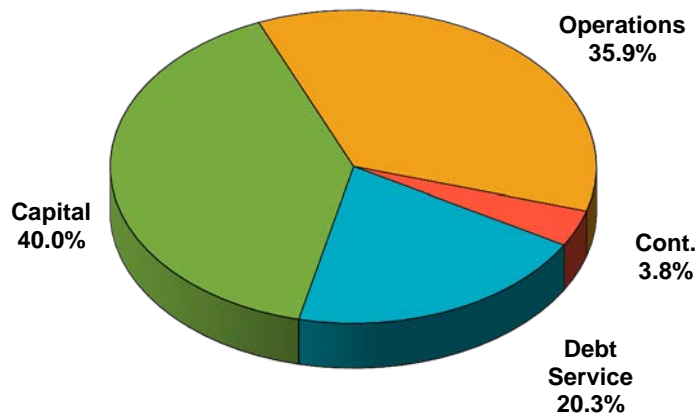
Continuing efforts to develop more revenue sources, coupled with prudent cost control measures, have brought the airport much closer to self-sufficiency when comparing revenue sources generated and actual expenditures. Once runway and facility improvements are completed, and the economy recovers, staff believes the Glendale Airport will attract more corporate jet customers. When these improvements are coupled with uses from professional football, hockey

and baseball spring training, as well as other major national events occurring in Glendale, the city's airport is expected to be a fully self-sustaining transportation hub for the West Valley.

Water/Sewer Fund Expenditures

In Arizona's desert environment, water treatment and delivery is one of the most essential services the city provides. Glendale is fortunate to have reliable, long-term sources of water from the Salt River Project, the Central Arizona Project (Colorado River water) and groundwater. Although water from these sources is becoming more expensive to obtain and treat, Glendale water rates are reasonable when compared to both local and national standards.

Water/Sewer Fund Budget



The operating budget for this fund is \$47.8 million for FY 2012. Almost half of this budget, or \$18.6 million, is used to support the Oasis Water Campus; the Cholla and Pyramid Peak Water Treatment Plants; the West Area and Arrowhead Wastewater Treatment Plants; and the regional sewer treatment facility that the City of Phoenix operates through the Sub-Regional Operating Group (SROG). In addition, water distribution, wastewater collection, customer service and utilities administration costs make up another \$20.6 million. The remaining \$8.6 million of the operating budget is used for meter maintenance, central system control, water quality testing and information management services.

Many significant capital projects are planned for FY 2012 and they account for the \$53.2 million in capital expenditures, as well as the corresponding \$27 million in debt service payments required for those capital projects. The *Capital Improvement Plan* of this book includes project descriptions and detailed cost estimates for all planned water and sewer capital projects. A \$5 million contingency appropriation is supported by fund balance and will be used at the direction of City Council for any unplanned emergencies or if any capital construction projects get ahead of schedule.

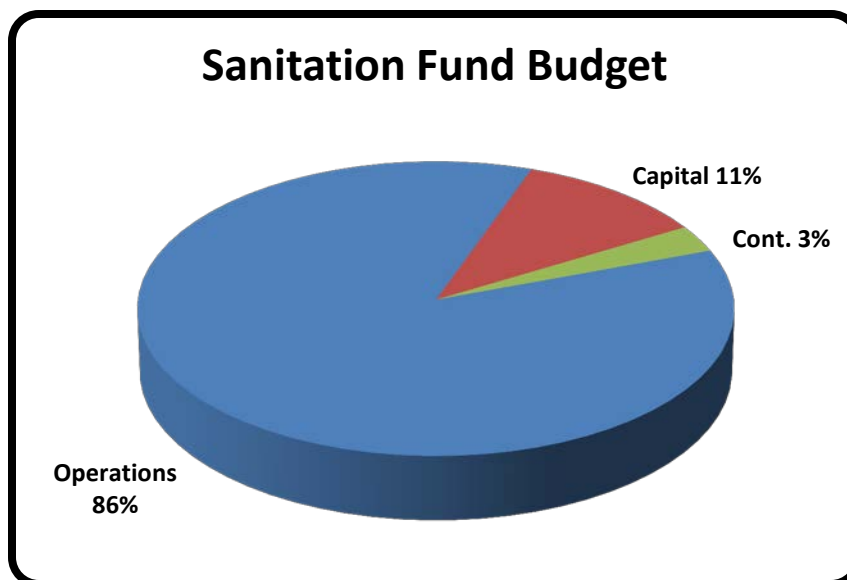
Landfill Fund Expenditures

The total operating budget for FY 2012 is \$7.1 million, relatively unchanged from the \$7 million in FY 2011. Landfill operations total \$3.2 million, the materials recycling facility accounts for \$2 million and other recycling at \$937,523, all of which accounts for 86.2% of the operating

budget. The remaining amount, or \$977,584, is used for solid waste administration and landfill gas management. The FY 2012 capital budget totals \$1.7 million and the Landfill Fund also has a \$2.0 million contingency appropriation to be used at City Council discretion for any unplanned emergencies.

FY 2012 will be the tenth full year of operation for the recycling program, which includes the recycling education and inspection programs and the full cost of the materials recycling facility. Recycling accomplishes a number of objectives such as improving the environment, extending the useful life of Glendale's landfill, and generating revenue from the sale of reusable materials.

Sanitation Fund Expenditures



The total operating budget for FY 2012 is \$14.6 million, which represents a 5% increase from the \$13.9 million in FY 2011, but it is in line with the \$14.5 million in FY 2010. Residential curb service includes trash, recycling and loose trash collection and accounts for \$10.4 million or 71% of the operating budget. The commercial front-load and roll-off divisions account for another \$4.2 million. The FY 2012 capital budget

includes \$1.9 million for the purchase of side load refuse trucks and replacement pickup trucks, which makes up 11% of the total operating budget. The Sanitation Fund has a \$500,000 contingency appropriation to be used at City Council discretion for any unplanned emergencies.

Benefits Trust Fund Expenditures

The Benefits Trust Fund is used to track city and employee health care contribution payments and to pay health insurance policy premiums for employees and retirees. The fund currently administers the medical, dental, life insurance and vision plans and coverage for both premiums and claims related expenses. The fund has an operating budget of \$23.1 million for FY 2012.

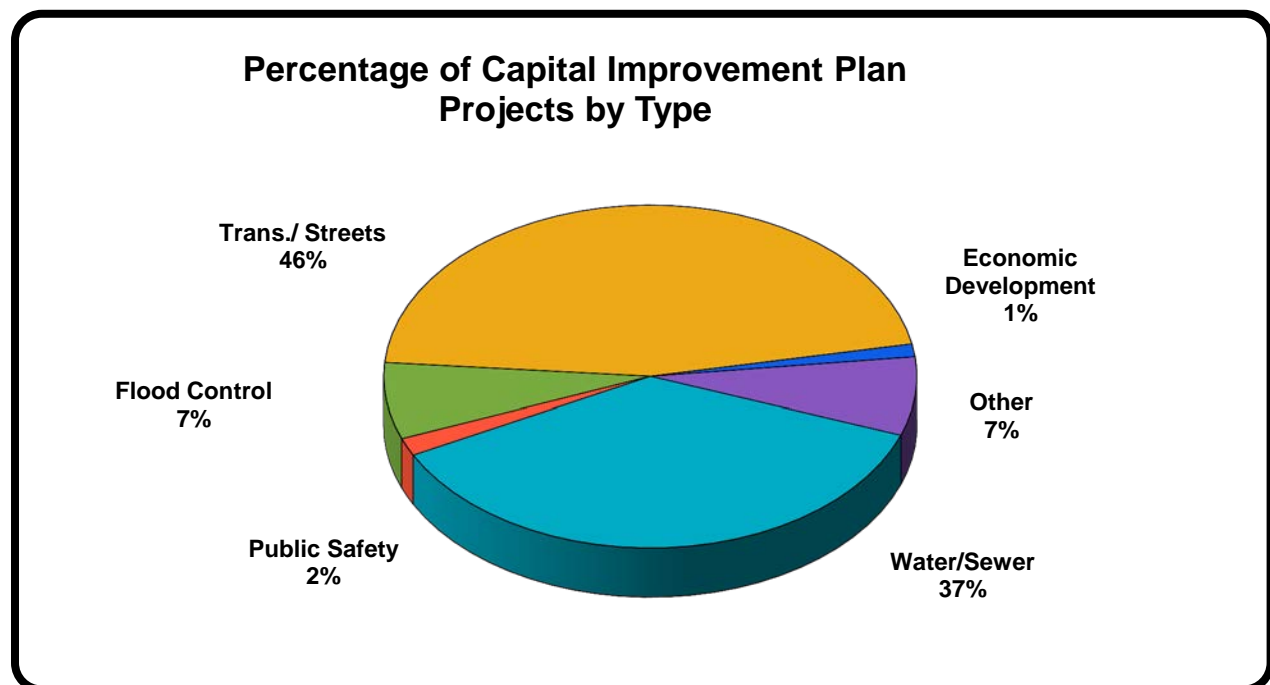
The City of Glendale will contribute \$14.2 million to this fund in FY 2012 of which \$9.2 million is from the GF employer contributions. Additional revenue in this fund includes employee contributions totaling \$4.3 million and retiree contributions totaling \$3.4 million. Modest interest earnings projected at \$17,588 bring total revenues into the fund to \$21.9 million for FY 2012.

The beginning fund balance is projected to be approximately \$2.6 million and the fund is projected to end the year with \$1.4 million. This reduction in fund balance is a direct result of management's decision to keep benefit rates flat year over year by using some fund balance to cover any medical and dental expenditures over the \$21.9 million coming into the fund as revenue. The FY 2012 operating budget is \$23.1 million, which is a reduction of \$5.6 million from the FY 2011 operating budget of \$28.7 million.

Capital Improvement Plan Expenditures

The total capital improvement budget for FY 2012 is \$144.2 million, and 91.4% of this amount relates to transportation, public safety, flood control, and water and sewer projects. The \$144.2 million includes carryover appropriation from FY 2011 of \$94.5 million to complete existing projects and \$49.7 million for new projects. This is a decrease of \$50.2 million, or 25.8%, compared to the FY 2011 capital improvement budget of \$194.4 million. The reduction was primarily driven by a year over year reduction in the new funding included in the FY 2011 capital budget (\$97.4 million) versus FY 2012 (\$49.7 million) that accounted for \$47.7 million of the decrease. A decrease in funding for carryover capital projects of \$2.5 million accounted for the remaining year over year reduction.

The graph below shows the percentage of capital improvement plan projects by type and as a percentage of the whole. The graph includes new funding and carryover for FY 2012. For more details, please refer to the *Capital Improvement Plan* section of this document.

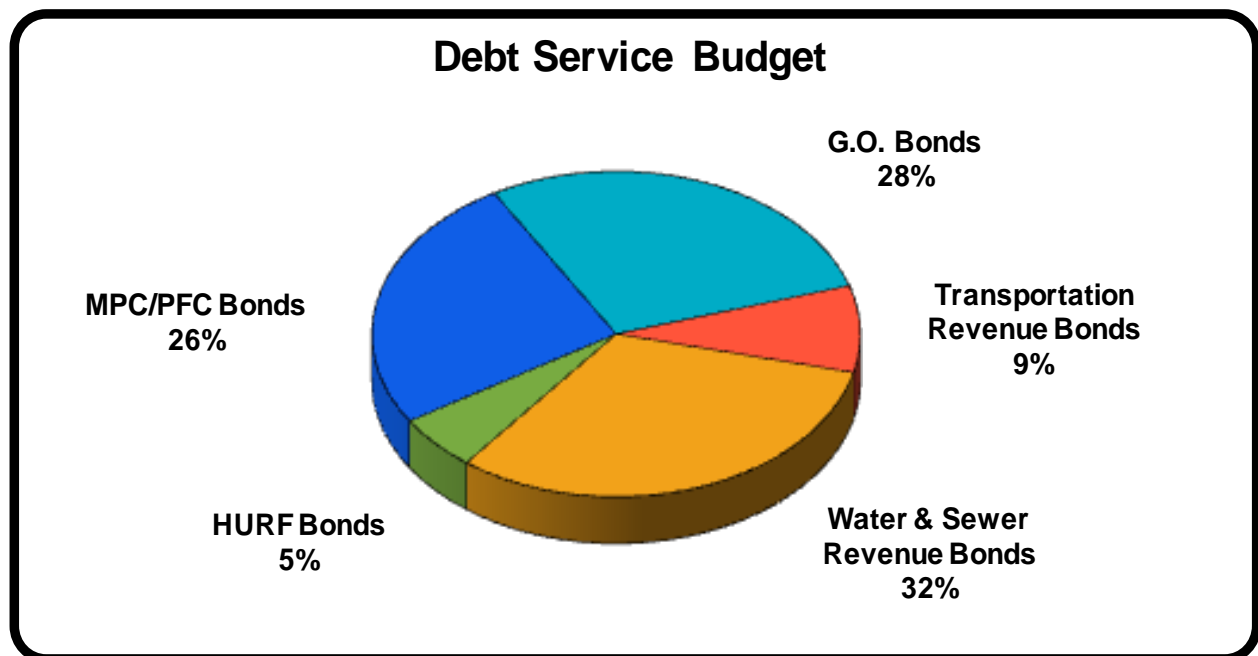


Debt Service Expenditures

The City has used debt financing for a number of years to finance most capital projects. The amount of debt incurred must be compatible with the City's goals pertaining to the capital program, the financial plan and the operating budget.

The Government Finance Officers Association recommends local governments develop a formal comprehensive debt management plan. The City maintains a formal *Debt Management Plan*, which is a separate document that the Finance Department develops in conjunction with the Management and Budget Department. The *Debt Management Plan* is designed to manage the issuance of the city's debt obligations in order to maintain the City's ability to incur debt and other long-term obligations at favorable interest rates for capital improvements, facilities and equipment beneficial to the city and necessary for essential services. This section is not intended to review the City's total debt position. That discussion is found in the *Debt Management Plan*.

The total debt service budget for FY 2012 is \$85.1 million, compared to \$84.8 million in FY 2011. The accompanying graph illustrates how the debt service budget is divided among different types of debt service categories. For a discussion about these debt service categories, please see the *Financing the Capital Improvement Plan* section in this budget document.



CONCLUSION

This *Budget Summary* is intended to provide a general overview of the FY 2012 budget document and to highlight some of the more significant program changes and policy issues addressed in the budget document. The sections that follow the *Budget Summary* section provide more detailed information about the city's organizational structure, its goals and objectives, and operating budgets for each city department.

Documents comprising the foundation for Glendale's annual budgeting process have been included in this budget document as well. The *Financial Plan* and *Financial Policies* documents identify and explain the strategies used to meet and stabilize city revenues and expenses, and ensure the continuity and reliability of basic services. The *Five-Year Forecast* addresses the long-term financial projection for city revenues and expenditures.

In addition, the city continues to implement of the business-based approach to providing and evaluating city services. Accompanying this approach are departmental business plans that were initiated in FY 2004 and continue to be based on the City Council's strategic priorities. In future city budgets, the Mayor and Council's vision for the community will continue to be outlined and then translated into specific actions and programs through departmental business plans. This will then guide the budget process to ensure the Council goals are achieved through each dollar spent by the city.

The long-range blueprint for the financing and construction of large projects is contained in the *Capital Improvement Plan*. The *Schedules* section contains detailed information about the City of Glendale's fund accounting system, operating revenues and expenditures, debt service and authorized staffing levels.

A *Frequently Asked Questions* (FAQ) guide is included in the appendix to help clarify the words and phrases that may have specialized meaning when applied to municipal government budgeting practices. This FAQ document is a good primer for those who wish to brush up on their financial terminology or want to find parallels between their own personal budgets and the city's overall budget.

The City of Glendale publishes several other documents that may be of interest and assistance in understanding city operations. These include the *Comprehensive Annual Financial Report* and *Debt Management Plan*, available from the Finance Department; the *Glendale General Plan*, which was overwhelmingly approved by voters in 2002 and is available from the Planning Department; and the *Glendale Annual Report* distributed by the Marketing Department.

Questions, comments or observations regarding this Annual Budget document should be directed in writing to:

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